

December 29, 2017

Dear Judge Young,

I am writing you regarding your most recent opinion in U.S. v. Aegerion Pharmaceuticals. By way of background, I am a shareholder in Novelion Therapeutics which is the result of the merger between QLT and Aegerion. I have been in the investment business and healthcare industries for over 30 years.

I am writing to answer a question you posed in court documents: "What is left unexplained is why the government does not simply let Aegerion collapse in disgrace?" Although surprising that you do not know the answer, I would be glad to tell you. If you force this company into bankruptcy, you would significantly adversely impact the following:

- 1) Hundreds of patients currently on Myalept and Juxtapid. These drugs do not 'cure' their respective diseases but they have the potential to significantly extend life expectancy (as well as quality of life) by helping to normalize various blood and lipid levels. These drugs are novel. There are NO alternatives. I encourage you to go on Novelion's website and read the stories of many people who have been helped by these drugs. If the company goes bankrupt, it is not certain at all that another company would buy these products given their niche markets (i.e. smaller orphan drugs), and complicated distribution and reimbursement systems.
- 2) Potentially tens of thousands of patients who might benefit from new indications currently being studied for Myalept. The four new indications are 1) hypoleptinemic dysmetabolic disorder associated with obesity, 2) use in liver disease (low leptin in NASH patients), 3) infertility associated with hypothalamic amenorrhea, and 4) use in partial lipodystrophy. Additionally, it is unclear what will happen to Zuretinol a late-stage QLT rare disease development program to treat an inherited retinal disease in children. Until this litigation is resolved, it is impossible for the company to access capital markets to get funding to pay for the above clinical trials and development. The company currently has \$60M in equity, \$325M in debt (due in August 2019), and an annual burn-rate of \$10-\$20M (i.e. they lose money).
- 3) Current employees. The people who fraudulently mismarked Juxtapid should be punished to the full extent of the law. However, the people who committed the crime are no longer at the company. To my knowledge, current employees did not commit a crime. Many are there because of the merger which occurred after the crime was committed. Three CEOs, one CFO and one Head of R&D have left or been fired, and the Board of Directors has been significantly overturned including the Chairman. In 2016-2017, the previous CEO fired approximately 40% of Aegerion's employees.
- 4) Current shareholders. Investors assume litigation and bankruptcy risk. In this case, the majority of current shareholders are former QLT shareholders who never owned Aegerion shares. We voted for the merger because it was believed that a reasonable settlement had been reached. The plea was approved by the U.S. Attorney's office and DOJ. It was in line with precedent. It was even amended further to the company's detriment. You choose to ignore precedent, and used Aegerion in your broader crusade against 'C pleas'. Novelion's share price has fallen 63% in 2017 (75% from its peak in 2017), and is now \$3.12, and in danger of being delisted.

At his juncture, if you let Novelion 'collapse in disgrace', you would be punishing the wrong people in my opinion, the very same people you said you were interested in protecting.

Additionally, I think there is an argument that enough is enough. First, \$40.1M is a significant settlement for a highly leverage company (as well as being in-line with precedent). Secondly, all of Aegerion's senior management has been replaced as well as the majority of its Board of Directors. Thirdly, most shareholders have experienced significant losses which will likely be further exacerbated by an expected dilutive financing - assuming the company avoids bankruptcy. And fourth, current and future patients are now starting to be adversely impacted with fewer patients on drug, and delays in clinical trials for new indications; revenue forecasts were cut 12.5% in the third quarter and are expected to decline further in the fourth quarter of 2017 due in part to management turnover and a reduction in resources.

Thank you very much for your time. If you do force the company into bankruptcy, I look forward to your ruling and explanation as to why current and future patients, employees, and shareholders should all experience total losses despite having nothing to do with the crime. I am not a lawyer, but I do not understand how this is fair or just.

Sincerely,



Scott Shevick